

## Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 JUSE-00 AF-10  
ARA-10 EA-10 NEA-10 AGR-01 CEA-01 CIAE-00 COME-00  
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15  
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15  
OIC-02 /169 W

-----017342 141905Z /46

P 141806Z APR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 8433  
INFO AMEMBASSY VIENNA

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USMTN

ACTION STR PASS ELECTRONICALLY FOR SCHMITZ PASS CODEL

EO 11652: N/A  
TAGS: ETRD, GATT, MTN  
SUBJECT: MTN: AUSTRIAN BILATERAL ON NTM'S

1. DURING COURSE OF US DEL MEETING (SEE SEPTTEL FOR  
REPORT ON OTHER TOPICS DISCUSSED) WITH DR. RUDOLPH  
WILLENPART, DIRECTOR OF GATT AFFAIRS, AUSTRIAN MINISTRY  
OF TRADE, AND LOCAL AUSTRIAN MTN REP SEGALLA, WILLENPART  
NOTED CURRENT GOA POSITION ON EACH OF THE NTM CODES AND  
QUESTIONED US DEL ON STATUS OF CODE NEGOTIATIONS.

2. SUBSIDY/COUNTERVAIL -- WILLENPART REITERATED GOA  
POSITION TABLED IN OCTOBER, 1975, THAT ALL COUNTRIES,  
ESPECIALLY THE US, SHOULD BRING THEIR DOMESTIC LEGISLATION  
INTO CONFORMITY WITH ARTICLE VI OF THE GATT. US DEL  
RESPONDED THAT THE US WAS WILLING TO NEGOTIATE THE  
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POSSIBILITY OF INCLUDING AN INJURY PROVISION IN A SUBSIDY/  
COUNTERVAIL CODE, BUT THAT SUCH INCLUSION WOULD BE MADE  
ONLY IF AGREEMENT COULD BE REACHED ON ADEQUATE DISCIPLINE  
ON THE USE OF SUBSIDIES. US DEL FURTHER NOTED THAT THE  
US LAW ALREADY HAS AN INJURY PROVISION FOR DUTY FREE  
MERCHANDISE AND THAT THE NUMBER OF PRODUCTS COVERED BY  
THIS PROVISION COULD INCREASE SUBSTANTIALLY AS A RESULT

OF THE US TARIFF OFFER.

3. CUSTOMS VALUATION - WILLENPART WAS INTERESTED IN THE STATUS OF VALUATION WORK AND THE TIMING FOR THE NEXT STAGES IN THE NEGOTIATIONS. US DEL REVIEWED STATUS OF EC DRAFT AND INDICATED THAT THE USG WAS PREPARING COMMENTS ON THE DRAFT. WILLENPART INDICATED HIS UNDERSTANDING OF PROCEEDING INFORMALLY TO DEVELOP A CODE, BUT NOTED GOA INTEREST IN THIS SUBJECT AND A DESIRE TO BE KEPT INFORMED OF PROGRESS IN THE AREA.

4. GOVERNMENT PROCUREMENT (GP) -- WILLENPART WAS MOST PESSIMISTIC ABOUT GOA PARTICIPATION IN A GOVERNMENT PROCUREMENT CODE. HE STATED THAT AS A SMALL COUNTRY, THEY WERE NOT OPTIMISTIC THAT AUSTRIAN PRODUCERS COULD COMPETE IN THE PROCUREMENT MARKETS OF LARGER COUNTRIES OR COULD EFFECTIVELY ENFORCE GRIEVANCES. MORE IMPORTANTLY, THE GOA IS CONCERNED THAT LARGER COUNTRIES, PARTICULARLY WEST GERMANY, WOULD BE ABLE TO DOMINATE THE GOA PROCUREMENT MARKET. FOR THIS REASON, HE NOTED THAT THE GOA HAD RESISTED A BILATERAL PROCUREMENT ARRANGEMENT WITH WEST GERMANY. ANOTHER PROBLEM HE NOTED WAS THAT GOVERNMENTS WITH BALANCE OF PAYMENTS PROBLEMS MAY WISH TO SPEND PUBLIC FUNDS ON DOMESTIC PURCHASES RATHER THAN FOREIGN GOODS. FINALLY HE STATED THAT THERE COULD BE ADVERSE CONSEQUENCES IF EASTERN EUROPEAN COUNTRIES LIMITED OFFICIAL USE

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PARTICIPATED IN A GP CODE. US DEL EXPRESSED USG OPINION THAT GP CODE POTENTIALLY COULD BE ONE OF THE MOST IMPORTANT AGREEMENTS FOR SMALLER COUNTRIES. THE CODE COULD OPEN A CLOSED MARKET WITH BILLIONS OF DOLLARS OF EXPORT POTENTIAL. FURTHER, WORK IS PROGRESSING ON A TIGHTLY DRAWN CODE THAT WOULD PUT OBLIGATIONS ON GOVERNMENTS TO OPEN THEIR PURCHASING NON-DISCRIMINATORILY WITH EFFECTIVE PROCEDURES TO ENSURE THAT THE OBLIGATIONS WERE CARRIED OUT--PARTICULARLY IMPORTANT FOR SMALLER COUNTRIES AND FIRMS. FOR COVERAGE, WE ARE PROCEEDING ON THE BASIS OF NEGOTIATING A BALANCED PACKAGE THAT WOULD ALLOW EACH SIGNATORY TO RECEIVE AS MUCH AS IT GIVES.

5. LICENSING--WILLENPART INDICATED THAT GOA COULD NOT PARTICIPATE IN THESE CODES UNLESS PARA 4 ANNEX I, AND PARA 1 ANNEX II OF MTN/NTM/W/127 WERE DROPPED. US DEL NOTED THAT THESE WERE THE OPERATIVE PARAGRAPHS OF THE TWO LICENSING DRAFTS AND THAT WITHOUT THEM, THE TEXTS WERE MEANINGLESS. WILLENPART STATED THAT GOA POSITION WAS BASED ON NECESSITY TO MAINTAIN LICENSING SYSTEMS TO CONTROL EASTERN EUROPEAN IMPORTS. US DEL NOTED THIS PROBLEM AND INDICATED THAT SUBSTANTIVE NEGOTIATIONS ON

THE TEXTS REMAINED AT AN EARLY STAGE.

6. STANDARDS -- WILLENPART INDICATED GOA PLEASURE WITH  
WORK IN THIS AREA AND AUSTRIA'S INTENT TO SIGN THIS CODE.

7. NTM/NDWM - WITH REGARD TO US NTM REQUESTS, WILLENPART  
STATED THAT GOA RESPONSES SHDULD BE AVAILABLE IN THE NEXT  
FEW DAYS.

8. DRAFTED BY SHELLEY. MCDONALD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, COUNTERVAILING DUTIES, SUBSIDIES  
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**Copy:** SINGLE  
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**Decaption Date:** 01 jan 1960  
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**Disposition Comment:** 25 YEAR REVIEW  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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20 Mar 2014  
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